A More European Russia for a More Secure Europe

Proposals for a new European Union strategy towards Russia

Edited by Javier Morales

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Abstract

The conflict in Ukraine, which has caused more damage to relations between the West and Russia than any other event since the end of the Cold War, is a focal point of instability that threatens the wellbeing of the EU. The time has come to renew the Union's strategy towards Russia, an effort that will entail not only the thorough analysis of long-term European objectives needed to make EU policy more efficient and bring it into line with European interests and values, but also a recognition of diplomatic blunders made at the onset of the Ukrainian crisis. Rather than entering into a new Cold War focused on Russian containment, the EU should accept Moscow as the great power that it is and a potential partner in the construction of a space of shared security. The best way to ensure long-term continental security and stability would be for Russia to increasingly feel and become more a part of Europe and for Europe to make a sincere effort to get to know its Russian neighbour better.

Executive summary

This document provides a summary of our recommendations to political decision makers regarding what can be done to make the European Union's strategy for EU-Russian relations more effective and coherent with the EU's interests and values.

Our strategy proposal includes short-, medium- and long-term measures organised around four key points:

a) A negotiated settlement of the Ukrainian conflict

- Implement the Minsk II agreement effectively and verify its fulfilment by all parties involved: Ukraine, separatist factions and the Russian Federation.

- Recognise that a military solution is not viable and that priority must be given to a de-escalation that will permit a speedy resolution to the humanitarian crisis and the initiation of reconstruction in affected areas.

- Mitigate the social impact of Ukraine's entry into a free trade agreement with the EU and the reduction of that country's social expenditure stipulated by international institutions as a requisite for financial assistance.

- Promote good governance and the rule of law in Ukraine with a focus on anti-corruption initiatives, the reconciliation between the country's diverse political standpoints and cultural identities and minority rights.

b) A pan-European dialogue at the institutional level to ensure global security

- Ensure that the OSCE's role as the main pan-European security organisation is respected. The OSCE should play the main role in the resolution of this conflict in accordance with the Minsk II agreement.

- Make the European Neighbourhood Policy flexible enough to accommodate the aspirations of countries that constitute a shared neighbourhood between the EU and Russia and seek to coordinate this policy with the EU strategy for relations between the EU and Moscow.

- Reach a common position amongst Member States regarding relations with the Russian Federation that allows the EU to move beyond the format of the Minsk negotiations, in which only Germany and France officially took part.

- Establish an EU-Russia dialogue on security that could serve as a platform for raising concerns that both parties may have and identifying common threats that they should work cooperatively to resolve.

- Establish permanent institutional level dialogues between the EU and the Eurasian Economic Union and NATO and the Collective Security Treaty Organisation that will foster mutual trust.

- Work to build a consensus on the future of European security architecture within the framework of the OSCE to pave the way for a common, indivisible security zone within Europe.

c) Strengthening the EU-Russia economic and trade partnership

- Gradually repeal sanctions against Russia on the basis of verification of fulfilment of each successive phase outlined in the Minsk II agreement.

- Maintain and strengthen the economic interdependence between the EU, Ukraine and the Russian Federation as a means of ensuring the long-term stability of relations between them.

- Diversify the EU's sources of energy, ensure that no Member State relies excessively on Russian gas and work towards a new energy model that will make the EU less reliant on gas and oil.

- Support the Southern Gas Corridor pipeline project from Azerbaijan to the EU (which does not cross Russian territory) and also ensure supply via this route from other producers such as Turkmenistan.

- Effectively and constructively manage the political impact that a reduction of European imports of Russian gas and an increase of Russian exports to China will have on EU–Russia relations.

d) A better understanding between the societies of the EU and Russia

- Foster direct dialogue between Russian and EU counterparts, from companies and social organisations to average citizens, putting a focus on encounters between young people.

- Relax visa policies so as to foster people-to-people encounters and build mutual understanding through tourism and educational and cultural contact.

- Strengthen cooperation agreements between universities in EU countries and the Russian Federation by increasing the number of exchange programmes and scholarships available to students and academics.

Introduction

1. The Ukrainian conflict has provoked the worst deterioration in relations between the West and Russia to occur since the end of the Cold War. In reaction to the Euromaidan's ouster of Ukraine's democratically elected president Viktor Yanukovych — a turn of events accepted and supported by the United States and the European Union — Russia illegally annexed the Crimean Peninsula and supported separatist revolts in Donetsk and Luhansk. These regions, which are collectively referred to as the Donbass, continue to be the site of armed confrontation.

2. The EU cannot accept the existence of this focal point of instability in its eastern neighbourhood. However, a peaceful resolution to the conflict will only be possible if parallel progress is made on two points. The first is establishing and maintaining a direct dialogue between the parties currently involved in a military standoff (Ukraine, the pro-Russian separatists and the Russian Federation) geared towards reaching a political agreement that will pave the way for a definitive military de-escalation. The second entails a rethinking of the EU's global strategy towards Russia so as to avoid repeating errors committed to date and foster a successful dialogue between Russia and Ukraine.

3. This document lays out our recommendations to political decision makers regarding **what can be done to make the European Union's strategy for EU-Russian relations more effective and coherent with the EU's interests and values**. As such, it reflects our conviction that any review of current strategy must be grounded in an analysis of the EU's long-term interests regarding its relations with Russia rather than merely the present situation.

4. Our approach rests on the following arguments:

    4.1. **We reject the pursuit of a new Cold War strategy that would affect relations in every sphere.** In today's globalised world, disagreements on given issues — however grave they may be — must not constitute stumbling blocks that prevent joint cooperation between Western countries and Russia on shared

security concerns such as international terrorism or instability in the Middle East.

4.2. **The EU must regard Russia as a European *great power*.** Although it has not been a world superpower since 1991, Russia nevertheless continues to have the ability to exert its power on both a regional and global scale and thus must be considered what is referred to in international relations as a "great power". Regardless of the individual or political party that occupies the Kremlin, Russia will use that power to defend its national interests, which may, or not, coincide with our own. It is therefore an actor on the world stage that must be reckoned with and the EU must have the ability to anticipate Russian reactions to its policies in order to avoid undesirable consequences. Moreover, the role of Russia in Europe's future will not be conditioned by the conflict that broke out in Ukraine last year, but rather by our capacity to build a framework for long-term coexistence acceptable to both sides within which the security interests of each are mutually respected.

4.3. **The present situation has grown out of a competition between the EU (in concert with the US) and Russia regarding which will exert more influence over Ukraine.** Since the beginning of the Euromaidan movement, both sides have attempted to pull Kyiv in the direction of their foreign policy interests at the price of heightening existing internal divisions within Ukrainian society. Nevertheless, it cannot be said that the burden of responsibility for what has happened is equal. Whereas the EU and some of its Member States have limited their backing of Ukraine to diplomatic support and economic and non-lethal military assistance, the Kremlin has resorted to direct military intervention and supplied weapons to pro-Russian separatist groups.

4.4. **Russia's responsibility for its own actions notwithstanding, the EU should openly recognise its own errors and learn from them**, two examples being its inability to foresee that Russia would take advantage of the Euromaidan revolution to occupy Crimea and its failure to act quickly enough to avoid the escalation of armed conflict in the Donbass.

4.5. **The EU must maintain an open dialogue with Russia geared towards achieving a negotiated settlement**, although doing so does not imply turning a blind eye to illegal actions such as the annexation of Crimea. It was this approach, championed by France and Germany, that paved the way for the Minsk II agreement, which represents the only path towards a resolution of the conflict. In the long run, ongoing negotiation is the only context in which the EU will be able to effectively present demands to Russian leaders, defend its own values and convey to Russian citizens its commitment to the democratic development of their country. An isolated Russia will be more aggressive and less likely to enter into constructive dialogues because it will opt to seek alternative partners on other continents – the prime candidates being China and other BRICS – rather than working to restore relations with the rest of Europe.

4.6. **European strategy towards Russia must include medium- and long-term as well as short-term measures:**

- The first phase must be focused on the resolution of the conflict in Ukraine through the effective implementation of the Minsk II agreement signed on 12 February 2015 by the leaders of Ukraine, Russia, Germany and France. This document lays out a road map for a cease-fire and the withdrawal of troops and weapons as well as a consensual political reform to be worked out between Kyiv and the territories currently under separatist control that will give them autonomous status within the Ukrainian state.

- The EU must achieve a consensus among its Member States on a unified stance towards Russia that will strengthen the coherence of its external action and put it in the position to demand that all the parties involved in the conflict fulfil the terms of the peace agreement. This common posture must be worked out in dialogue with key EU allies such as the United States, taking care to avoid the adoption of a passive position in discussions with Washington that could hinder the articulation of a true European foreign policy in line with European interests and priorities.

- In the medium term, the EU must play a larger role in the resolution of *frozen conflicts* in places such as Transnistria in Moldova that could become flashpoints of tension with Moscow in the future.

- The long-term goal should be the construction of a common security space for the European continent that guarantees the security and stability of states in the shared neighbourhood, mutual cooperation in the face of common threats such as jihadism and the proliferation of weapons of mass destruction as well as their means of delivery. Overcoming the factors that have given rise to the current conflict will require sustained effort, political will and adequate resources.

4.7. Instead of crafting a new Russian containment policy, which will only serve to increase that country's feeling of isolation and its incentives for unilateral escalation, the European Union must promote the idea of a shared European identity within which both Russians and citizens of EU Member States perceive and recognise each other as belonging to the same civilisation. **A Russia that sees itself as increasingly more European is the best guarantee of a safer and more secure Europe for everyone.**

I. The Ukranian crisis: international context and lessons learned

The international context

5. In spite of rhetoric about a "new Cold War", the present conflict is not a new version of the confrontation between the West and a Soviet bloc supposedly represented at this point in time by Russia. The Ukrainian crisis has been a revolutionary process that has escalated into an armed conflict. However, it is not by any means a standoff between two irreconcilable political or economic models that represents a threat to the existence of the states involved.

6. The time when Russia, Ukraine and the rest of Europe were separate units sealed off from each other by physical and ideological barriers is far behind us. They are now fully integrated market economies functioning within an international globalised society and interconnected by means of a wide range of information and communications technologies. Although they may have gone through periods of rapprochement and "Cold Peace", the web of interdependence that binds them is too intricate for any of them to contemplate a return to the past.

7. Russia has been, and is, a part of Europe without which European culture would not be fully comprehensible. The EU must recognise that Russia and Ukraine form part of a common European civilisation. Denying their "Europeanness"— and by extension their right to participate in political decisions that affect the entire continent — serves only to strengthen the Eurasianist arguments of radical Russian nationalists who preach the incompatibility of Russian and Western cultures and assert that Eurasia, rather than Europe, is Russia's natural geopolitical space.

8. Over the last few years we have witnessed a rebalancing of world power. The unipolarity that followed the Cold War, from which the United States emerged as the sole remaining world superpower, is giving way to an increasingly multipolar system in which the difference between Washington's level of power and influence and that of other potential world powers is gradually being reduced. For the Russian people, Russia's rise to a stature similar to that of other world powers such as China and the United States, which has been a part of this shift towards multipolarity, signifies a recuperation from the decline their country suffered during the 1990s as a result of the severe internal crisis that followed the dissolution of the USSR.

9. The EU has failed to adequately assess the political, economic and security interests of an increasingly assertive and nationalistic Russia that has not only recuperated its position as a great world power but also its willingness to defend that position. Strong public support for Putin's presidency is closely linked to his commitment to make Russia once again a major power. However, reluctance on the part of the EU and the US to recognise Russia's return to the world stage has made it difficult to establish a mutually acceptable framework of coexistence within which Russia could feel that its rising status was properly respected.

10. The growing rivalry between Russia and certain Western countries has been exacerbated by Russia's perception of being the weaker party as well by the signs of Western influence in other countries of the former Soviet Union. The EU, for its part, has focused primarily on political and economic issues and paid much less attention to underlying security concerns.

11. Mutual mistrust between the EU y Russia has now become structural. Institutional encounters and contacts maintained between them to date have not been of the strength or calibre needed to overcome a legacy of prolonged confrontation. Nevertheless, there have been recent periods of détente — one example being the Medvedev presidency — the end of which owed more to internal Russian political affairs than any real enmity between that country and the EU. Although recuperating this positive climate in the short run will be difficult as long as the Ukrainian conflict remains unresolved, such periods of peaceful coexistence demonstrate that Moscow and the EU are not natural enemies and, in fact, have interests in common and are capable of working towards common goals.

12. Although Russian mistrust of the West did not begin with the Ukrainian crisis, this situation has certainly aggravated it. NATO's intervention in Kosovo in support of KLA separatist guerrillas, which paved the way for Kosovo's declaration of independence in 2008 — recognised by the majority of Western countries — was interpreted by Russia as a violation of the principle of the territorial integrity of states. Although the International Court of Justice ruled that Kosovo's declaration of independence was in line with international law as a *sui generis* case that would not serve as a precedent for other territories, Moscow continues to consider it as having been an illegal act that nevertheless, from its point of view, would give legitimacy to the independence of South Ossetia and Abkhazia, the annexation of Crimea and its current intervention in support of Ukrainian separatists.

13. The main bone of contention between Russia and the West over the past few years has been Russia's intervention in the war in Georgia, which Russia claims was necessary to protect its own troops and civilian populations in the separatist regions of South Ossetia and Abkhazia from offensives launched by a pro-western government of Georgia under the leadership of Saakashvili anxious to gain membership in NATO.

14. The United States' illegal invasion of Iraq, the implementation of an antimissile defence system in Europe, the ongoing expansion of NATO and its recent intervention in Libya have also contributed to Russia's perception of the West as a untrustworthy rival willing to isolate and weaken Russia as part and parcel of its pursuit of global hegemony.

15. The failed reset in relations between Obama and Medvedev caused by the reluctance of elites in both countries to contemplate an enduring partnership was a lost opportunity to restore this confidence. Opposition protests on the increase since 2011 — which have been described by the Kremlin as being instigated by "Western fifth-columnists" — have also provoked a negative reaction.

16. The EU and Russia have both regarded their exertion of regional influence in Eastern Europe as a zero sum game in all facets of which the other must be excluded. The EU has focused on drawing the countries of the Eastern Partnership into its sphere of influence but has failed to appropriately take into account these countries' historical, social and economic relations with Russia. For example, its Association Agreement with Ukraine did not adequately plan for the impact that the accord would have on industry in eastern Ukraine, which was heavily reliant on export trade to Russia.

17. The fact that EU policy towards former Soviet states – especially Ukraine, Georgia and Moldavia – has never been based on a long-term strategy that contemplated the future of these countries has caused Russia to perceive all such cooperation initiatives as mere attempts to undermine its regional influence. Moreover, as Russia views these countries as being of great importance to its own national security, Moscow has been much more willing than the EU to take risks and mount a proactive defence of its presence in this region.

18. The weight of recent history in the minds of all the actors implicated has been a decisive factor. Poland and the Baltic countries continue to view Russia as an aggressor state, and they have done their best to not only represent it as not sharing a European identity but on occasion asserting that its identity is diametrically opposed to that of its European neighbours. This mindset has conditioned their attitude towards Russia, which they perceive as a latent threat that must be contained by NATO, and caused them to frequently assume the role of an anti-Russian lobby within the EU. Given that this strategy of isolating Russia has only served to heighten Moscow's feelings of impotence and by extension its aggressiveness, it has become a self-fulfilling prophecy.

19. The interests of certain Member States aside, the EU cannot be said to have acted in a united fashion towards Russia; it lacks of a coherent, long-term strategy that would enable it to foresee changes down the road or balance its rivalry with Moscow by means of measures that would strengthen mutual interdependence and avoid the escalation of confrontations. Russia, in contrast, has maintained a much more defined and stable strategy and employed all the means necessary to defend its interests. Russia's foreign policy preference for bilateral agreements with individual Member States rather direct institutional dialogue with the Union has fostered the proliferation of contradictory positions on certain issues within Europe.

20. The differences between the language and style of these two foreign policies has also made mutual understanding more difficult. Putin's Russia takes a much more direct approach to foreign policy than the EU, which it occasionally perceives to be a vague and contradictory counterpart. The EU has not been very realistic in mapping out its policy towards Moscow, hoping for domestic political changes in Russia at moments when the necessary conditions are not in place. The Union must be realistic and learn to negotiate with Russia such as it is.

21. The Kremlin finds the European discourse grounded in values – not always borne out in actual fact – difficult to swallow, given that it bases its own foreign policy on traditional ideas of sovereignty and national interests and considers concepts such as democracy and human rights as no more than terms trotted out by other great powers to justify their interference in the domestic affairs of third countries. Russia has appropriated these same arguments to legitimise its interventions in South Ossetia, Abkhazia, Crimea and the Donbass, citing the precedent of Western "humanitarian interventions" as a means of warding off criticism of its actions.

22. Although Russia used the protection of Russian minorities as one of the excuses for its intervention in Ukraine, there have been precedents of discrimination against these groups. EU Member States such as Estonia and Latvia have denied – and continue to deny – citizenship to ethnic Russians. The groundswell of Ukrainian nationalist sentiment that surfaced with the Euromaidan protests has needlessly deepened inter-ethnic divisions in that country. Furthermore, it must be remembered that Russian speakers constituted ousted Ukrainian president Yanukovych's base of electoral support.

23. The EU must recognise the difference between its own declared values and those of Russia while keeping in mind that it also has other neighbours that do not share these values and that this difference is actually an incentive to strengthen its relationship to Russia with an eye to influencing how that society evolves going forward. Nevertheless, the EU has neither the means nor the legitimacy to impose a transformation of Russia's political system; it can only support the right of the Russian people to freely choose their country's model of coexistence.

24. On the other hand, the EU must impede the commission of illegal acts against Russian citizens or citizens of other nationalities within our territory similar to those committed the past, the case of Alexander Litvinenko being one example, and whenever necessary, demand the extradition of those responsible for these crimes.

25. We must convey the message that the EU does not enjoy a monopoly on democratic values and that they are a universal right to which all the peoples of the world may aspire regardless of their origin or place of residence. The most effective manner in which to reduce the values gap that currently exists is to vigorously promote the contact between citizens of Russian and EU member states needed to create a deeper mutual understanding, a long-term process that must maintain a special focus on encounters between young people.

Lessons learned from the Ukrainian crisis

26. Ukraine has historically been, and continues to be, a country wracked by deep internal divisions regarding national identity traceable to the various ways in which it has been configured as a state over time. These conflicting "souls" were not taken into account at the beginning of the Euromaidan revolution, which first took the form of civil, pro-European public protests but quickly devolved into a violent confrontation in which minority ultranationalist groups assumed a leading role they should never have been allowed to play.

27. The bottom line that Moscow has aspired to is a peaceful coexistence with Ukraine that would permit the continuity of bilateral trade and guarantee that the culture and language of Ukraine's ethnic minorities is respected. It also has a vital interest in maintaining Sevastopol as a Russian naval base and avoiding the establishment of a NATO base there. The decision to annex Crimea was greatly influenced by the adoption of a pro-Atlantic alliance stance by the Euromaidan revolutionary movement.

28. Moscow initially preferred to seek a negotiated resolution to the crisis. Its subsequent military involvement was a response to a turn of events that Russian leadership perceived as a threat to their country's vital interests: the political change in Ukraine in the wake of the Euromaidan revolution, whose leaders considered Russia to be Ukraine's number one enemy. The unilateral violation of the agreement on the resolution of the crisis by opposition leaders, who had signed it on 21 February 2014 in the presence of European mediators and a Russian special envoy, convinced Moscow that it must respond with an equally unilateral show of force.

29. The EU committed two errors, the first being its failure to condemn the violence of the most radical elements of the Euromaidan movement and the second being its decision to recognise the new Ukrainian government instead of insisting that constitutional procedures for presidential impeachment be followed. The unconstitutional removal of Yanukovych triggered unrest among Russian-speaking citizens in the Donbass who felt abandoned by a Kyiv government they perceived as catering to the most radical elements of Ukrainian nationalism. This state of affairs provided the Kremlin with what it saw as a pretext for its annexation of Crimea and its subsequent intervention in the Donbass.

30. Although Russia considered the possibility of Ukraine entering NATO untenable, it has not demonstrated open opposition to other EU initiatives towards Ukraine that have not posed a threat to its historic relations with that country. The EU made the mistake of attempting to draw Kyiv into an Association Agreement that entailed the creation of a free trade zone between them without calculating either the negative impact that such an accord could have on bilateral trade between Ukraine and Russia or subsequent reprisals on the part of Moscow. Furthermore, the agreement was presented to the Ukrainian public as a "zero sum game" in which the EU and Russian were framed as incompatible options between which Ukraine was forced to choose.

31. Although sanctions have had a real impact on the Russian economy, they have not brought an end to the Russian intervention in Ukraine. Putin enjoys the domestic support he needs to hang tight for as long as these measures last. On the other hand, Russia's embargo on agricultural and food imports from the EU is hurting the European economy.

32. Sanctions will only be useful as an incentive for Russia to cooperate in the effective implementation of the Minsk II agreement insofar as the gradual withdrawal of these measures is clearly linked to the fulfilment of the following steps laid out in that document:

32.1. The implementation of the ceasefire cited in the agreement, the withdrawal of heavy weapons and the establishment of a security zone between combatant forces followed by the verification of these actions by OSCE observers.

32.2. The release of all hostages and unlawfully detained persons and the extension of an amnesty on the part of Ukraine to those who have participated in the separatist insurrection.

32.3. Unimpeded delivery of humanitarian assistance to conflict zones under international supervision and the restoration of public services, payment of pensions and other social benefits, supplies, banking services and other communications between the zone of conflict and the rest of Ukraine.

32.4. The withdrawal of all armed formations, military equipment and foreign combatants.

32.5. The organisation of local elections in the territory under dispute in accord with Ukrainian legislation and under OSCE supervision.

32.6. The granting of special autonomous status to separatists territories within the Ukrainian state by means of constitutional reform.

32.7. The restoration of full Ukrainian government control over its borders by the end of 2015.

33. At the outset of the conflict, Ukraine refused to modify its constitution so as to give autonomous status to the Donetsk and Luhansk regions within a new federal, or at least decentralised state, which was one of the demands articulated by Moscow and the self-proclaimed "people's republics". Kyiv's refusal to give an inch on this issue at the negotiating table impeded progress towards a mutually acceptable solution and contributed to the escalation of the armed conflict. The Ukrainian government finally agreed to negotiate autonomy for regions held by separatists during talks in Minsk in exchange for these regions' renunciation of their unilateral declaration of independence and declared willingness to remain a part of the Ukrainian state.

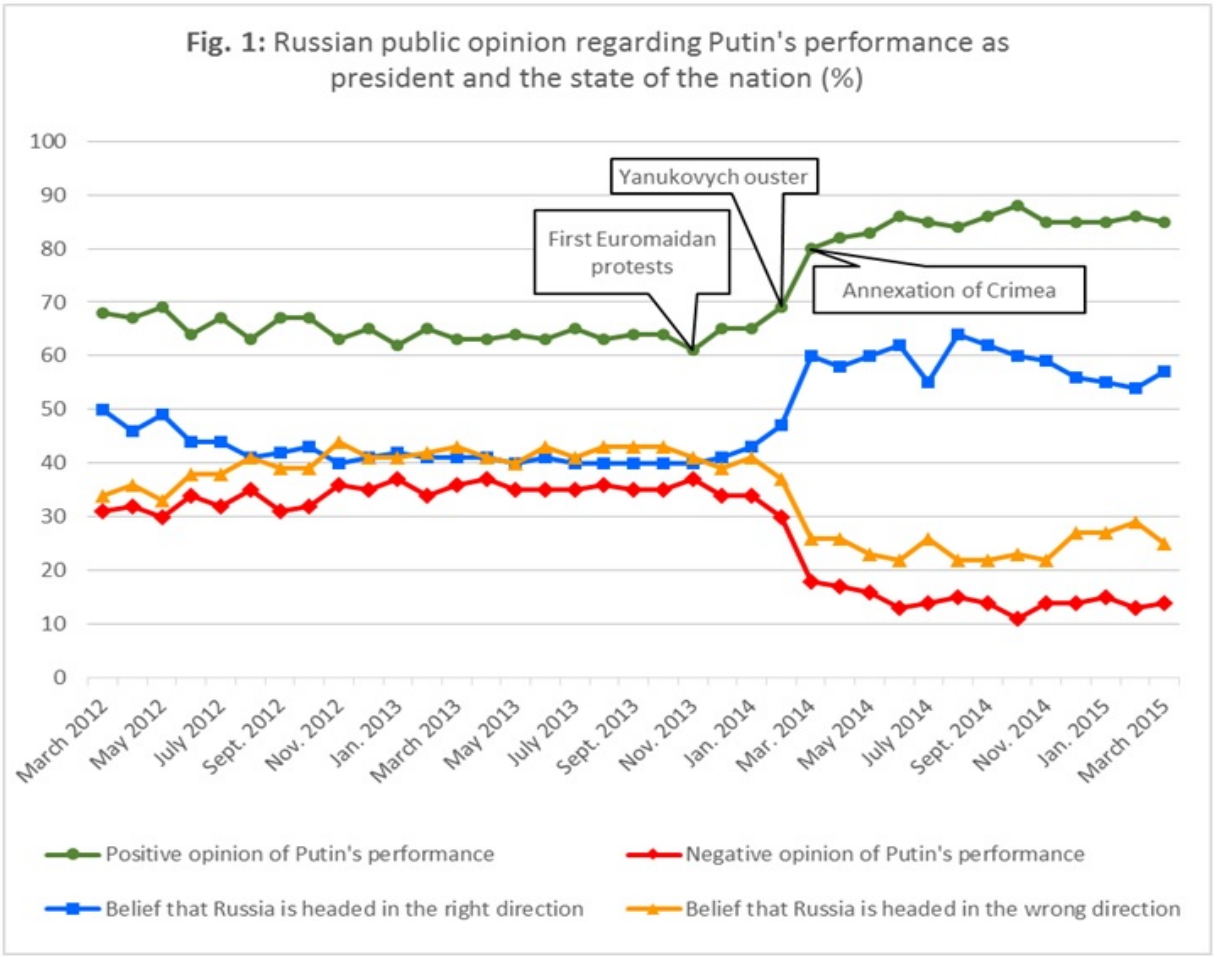
34. The following four goals must be met in order to ensure the fulfilment of the peace agreement: (a) the establishment of a definitive end to the armed combat that has continued at certain areas although the ceasefire is generally respected throughout the conflict zone; (b) the guarantee of the obstacle-free access needed by OSCE observers to properly verify the withdrawal of weapons; (c) the successful negotiation of local elections in territories to be held by separatists; and (d) the clear definition of the degree of autonomy these territories will have within the Ukraine, a key point that was not resolved during the Minsk talks. A failure to reach a consensus between all parties regarding these issues could lead to a new military escalation.

35. Should the Minsk II agreement fail, the current standoff is set to become a "frozen conflict" that could last for an indeterminate period of time, given that Ukraine lacks the military superiority necessary to win back territory under separatist control and Russia continues to control the border and by extension is in a situation to provide both supplies and combatants to rebel areas. Western military aid would not be

sufficient to tip the balance or raise the cost of Russian intervention to the point that would force Putin, who enjoys a high level of public support, to back down. Such aid would give Ukraine a new incentive to abandon negotiations and resort once more to armed force, an action that would only spark reciprocal escalation on the part of the Russians. It is therefore clear that there is no viable alternative to a negotiated settlement between Ukraine, the separatists and Russia.

36. Although Putin's popularity in Russia began to slump in 2009, it has risen to new heights on the basis of his handling of the Ukrainian crisis (fig. 1). When the Euromaidan protests began, his approval rating stood at 61% – quite high for a third-term president, but the lowest registered in public opinion polls since his rise to power in 2000. However, his level of public support shot up to 80% in the wake of the ouster of Yanukovych and the Russian occupation of Crimea. One year into the armed conflict, it has risen even further, reaching 85% in March 2015 – one of the highest ratings of his entire political career. These results reflect the success of a Kremlin communication strategy based on tight state control of television networks that substantially neutralises the domestic impact of international punitive measures such as economic sanctions.

Fig. 1: Russian public opinion regarding Putin's performance as president and the state of the nation (%)



Source: Data for this chart has been obtained from Levada-Center, *www.levada.ru.*

37. These data show that although a majority of Russian citizens believe their country is headed in the right direction (57% in March 2015), the percentage that holds that opinion is much lower than the percentage that gives the president top marks for his performance. These statistics are not necessarily contradictory: a lower level of confidence in the future goes hand-in-hand with popular support for a "strong leader" such as Putin, who people regard as a guarantor of security and stability. Although the majority do not hold the president responsible for the country's problems, the dissatisfaction of between 20 and 30% with the state of the nation in general reveals an additional long-term trend: in spite of the fact that Russians identify with a patriotic and nationalist discourse, they also expect to see real solutions that improve their quality of life. A clear division of opinion surfaces when people express their opinions as to whether they would prefer that Russia be a great power respected throughout the world (47%) or a lesser power whose population enjoyed a higher standard of living (49%), although support for the first option has risen as a result of the current conflict.

38. The Russian ruling elite must therefore adapt to shifts in public opinion and effectively respond to social demands. However, this will be a slow process. Temporary measures such as sanctions are not only unlikely to produce a drastic change in public opinion, but may also fuel a perception of Russia being surrounded by enemies that further consolidates support for Kremlin policy and centres the national agenda on questions of security – a turn of events that would slow the long-term evolution of Russian society.

39. In addition to the economic hardship implied by sanctions, the Ukrainian conflict has also affected Russian attitudes concerning the general orientation of their country's foreign policy. Whereas in April 2008 the Russian public thought that Western Europe should be their country's second most important partner (the first cited as being CIS countries), today they rank the EU as the third most important – well behind China (considered as the best option by 47%) and members of the CIS. This increasing feeling of alienation, which has been driven by Kremlin propaganda since the outbreak of the Ukrainian conflict, is a troubling trend that the EU must work hard to reverse by strengthening the ties that bind Russian society and the rest of Europe.

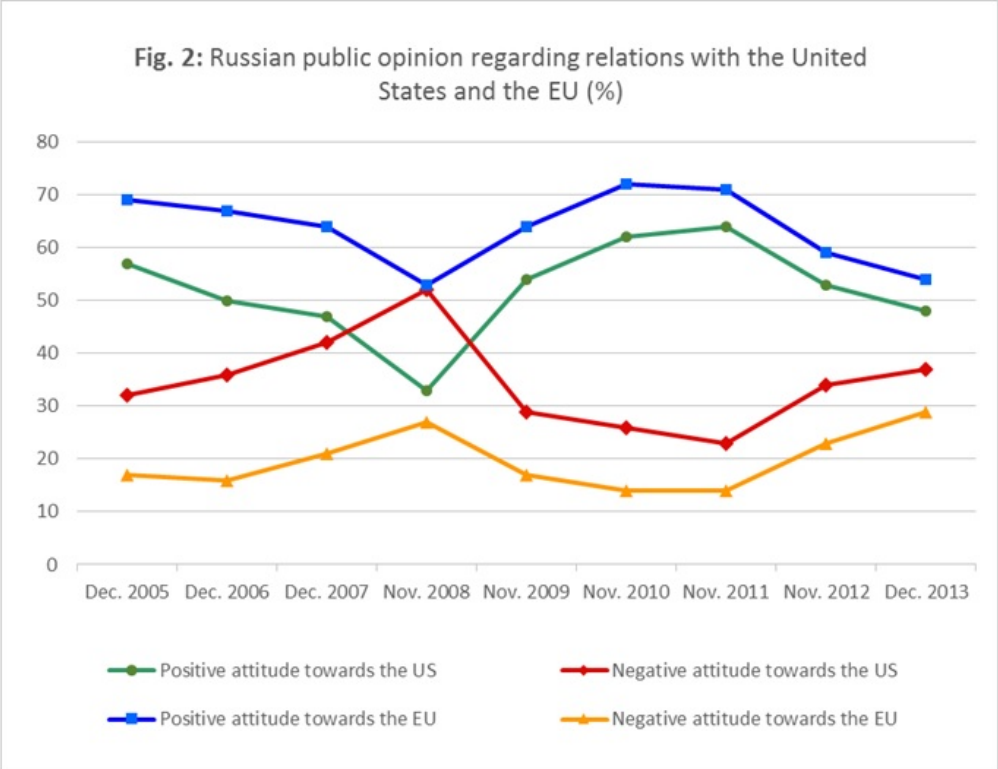
II. The interdependence between the EU and Russia

Politics, society and security

40. Russia's position towards the EU has been conditioned by the Russian people's perception of their country as a great power and their desire for it to enjoy relations with other great powers commensurate to that status.

41. The Russian public's lack of knowledge about the EU is a stumbling block to progress towards better mutual relations. Russians think of the EU as being part of a more general concept of "the West". They tend not to understand the objectives and values of European integration or make distinctions between positions taken by the EU and those of other Western countries. As can be observed in the chart below, (fig. 2), Russian public opinion regarding the EU over the last few years has invariably run parallel to public opinion regarding the United States, and Russians attribute equal responsibility to both for a number of successive crises, mostly notably the war that broke out in Georgia in August 2008.

Fig. 2: Russian public opinion regarding relations with the United States and the EU (%)



Source: Data for this chart has been obtained from Levada-Center, *www.levada.ru*

42. Nevertheless, it is worth pointing out that Russian public opinion polls register consistently lower levels of mistrust towards the EU than towards the US, a percentage that falls even more when people are asked their opinion about specific measures geared to strengthen rapprochement. For example, near the end of 2013, 48% expressed a positive opinion about the possibility of being able to travel to the EU without obtaining a visa. One should therefore not speak about Russian anti-European or anti-Western sentiments in broad, generalist strokes, but rather of a rejection – stoked by media favourable to Putin – of the policies of specific governments, a sentiment that is in no way incompatible with the desire of the Russian people to have contact with their counterparts in the EU.

43. Russians' differing perceptions of European culture and society on the one hand and relations on a governmental level on the other offer a window of opportunity for gradually building a constructive relationship. Bringing these two societies closer together is an essential step towards overcoming the stumbling block of intergovernmental disagreements; in the long run, such an effort will serve to build confidence in the concept of political cooperation.

44. The instability that the conflict in Ukraine supposes imperils the security of the EU as well as that of Russia and obligates both to draw resources away from their internal development in order to intensify troop deployment and raise the levels of alert within their respective armed forces. In addition to the cost of supplies that it is sending to the separatists, Russia must also bear the economic burden of the human catastrophe supposed by the influx of refugees fleeing from the Donbass into Russian territory. The EU, for its part, has a commitment to provide the financial aid Ukraine needs to maintain military operations as well as meet other expenses beyond its present budget capacity, including the cost of Russian imports.

45. From a wider international perspective, EU and Russian security are inextricably linked by global threats that affect them in equal measure, some examples being jihadist networks such as those operating in the Russian North Caucasus, the expansion of Daesh in Syria, Iraq and Libya and the proliferation of weapons of mass destruction and their means of delivery.

Economy and trade

46. Russia and the EU are economically interdependent, and the volume of trade between them has risen continually over the past few years. In 2013, exports to Russia accounted for 6.9% of the EU's total export trade and were worth 119.8 billion euros – almost double the value of its exports to that country in 2009, which stood at 65.7 billion. The same year, the value of EU imports from Russia reached 206.1 billion euros (compared to 119.6 billion in 2009), and goods from that country made up 12.3% of its total imports.

47. The UE is Russia's first trading partner and its main source of direct foreign investment. Russia is the EU's third largest trading partner after the US and China. Manufactured, consumer, intermediate and investment goods make up the bulk of EU sales to Russia, whereas gas and oil accounts for the greater part of Russian

sales to the EU. A wide range of EU companies benefit from export sales of high tech goods vital to Russian productivity.

48. Their economic interdependence makes sanctions – those launched by EU against Russia and Russia's reprisal embargo on EU agricultural and food imports alike – unsustainable in the long run for both. EU exports to Russia have been seriously affected, down 17.7% in August 2014 from the total for the same period in 2013. In addition to the effect of sanctions and its difficulty in securing financing in international markets, Russia is also grappling with the fall in the price of its oil exports, which is having a heavy impact on its economy.

49. The combined effects of sanctions, the devaluation of the rouble and the fall in the price of oil have had a negative impact on numerous foreign companies that do business in Russia. Companies most affected by falling sales include Ford, McDonald's, Volkswagen, Opel, Siemens, Adidas, Danone and Carlsberg. Sanctions have also impeded US and European companies in the energy sector such as BP, Exxon Mobil and Total from moving forward with joint projects with Russian companies such as Rosneft and Lukoil.

50. As the EU's principal exporter to Russia, Germany is the EU Member State that has suffered the most from the imposition of sanctions. Its volume of exports to Russia for October 2014 was 22% lower than it had been during the same period the year before. Approximately 40% of the German companies with a presence in Russia have decided to reduce their investment there, although very few have decided to withdraw from the Russian market completely. The automotive sector has been one of the most deeply affected.

51. The deterioration of EU-Russian relations has also had a negative impact on Spain's presence in the Russian market. We exported 6.5% less to this country between January and September 2014 than we did during the same period in 2013. Spain ranks sixth among the countries suffering the greatest decline in export trade due to Russian countersanctions, with an estimated annual revenue loss of between 330 and 360 million euros.

52. According to official sources, sanctions will cost the Russian economy 40 billion dollars a year. Falling oil prices suppose another 100 billion in lost revenue. Capital flight has also accelerated, surpassing 150 billion dollars in 2014, more than double the 62 billion registered the previous year. Official forecasts estimate that the Russian economy will contract by between 3.5 and 4% or even more during 2015, depending on the evolution of crude oil prices. However, according to a European Commission report, only 1.1% of this contraction can be directly attributed to the effects of sanctions.

53. Industrial sanctions have had a special impact on the defence and energy sectors. For the former, they have meant the suspension of the delivery of two Mistral class helicopter carriers that Russia had contracted from France. Nevertheless, due to doubts about their future strategic utility and suspicions that the contracts for their purchase may have involved corruption, the acquisition of these ships was already being questioned in Russia. In terms of military hardware, civil dual-use goods are not affected by the sanctions, and while sanctions pertaining to military items – which do not account for a large percentage of total exports – could make it difficult

for Russia to manufacture certain types of weapons systems, these problems would affect European suppliers as well as Russian buyers.

54. Given the greater, if diminishing, integration between Ukrainian and Russian industry, military sanctions imposed directly by Ukraine constitute a greater problem for Russia. These affect the production of certain types of strategic missiles, its supply of helicopter motor parts and its military transport plane programme. Sanctions will slow down Russia's current weapons programme for the next five years, but efforts to substitute imports will eventually impulse Russia's own reindustrialisation. Although the Russian economy may enter a recession over the next few years, its recuperation could prove to be just as swift.

55. Financial sanctions that affect the medium- and long-term financing of Russian businesses have supposed the greatest burden to date. Their imposition may slow down the Russian economy and spark a search for alternative financing mechanisms. One example is the Russian-Chinese "Power of Siberia" gas pipeline, for which China will provide advance financing.

56. In spite of the real impact of these measures, the majority of Russians – 72% according to an opinion poll conducted in March 2015 – are in support of forging ahead with current policy rather than buckling under international pressure. Only 20% state that they have been seriously affected by the reduction of food stocks caused by the Russian embargo on EU imports. Although public ire may increase if sanctions are sustained much longer, it is likely that the Kremlin will continue to enjoy the manoeuvring room it needs to pursue its Ukraine strategy over the short term or for at least the next few months.

Energy

57. The unimpeded flow of energy supplies is also very important to the EU. Should it take the radical (and equally unlikely) decision to wean itself completely off Russian gas, it would need to rely on more expensive suppliers, a step that could hamper European growth in an already challenging economic environment. However, Russia must maintain its energy export trade with Europe, which provides between 30 and 40% of its budgetary income and is needed to underwrite its own domestic energy consumption. Therefore, Moscow also has a motive for avoiding the possibility that the Ukrainian conflict could affect this particular aspect of its trade relations with the EU.

58. Sanctions against the Russian energy sector are already affecting planned projects as well as those now underway. As some of these projects, especially those involving gas production, have been designed to guarantee the future energy needs of the EU, their delay represents a setback for our long-term energy security. Any undesirable effects of this type of sanction can be mitigated in the mid-term by substituting suppliers or importing via third countries. While the suspension of sales of German technology has hit the Russia energy particularly hard, German suppliers have likewise been badly affected.

59. Russia and the EU's mutual dependence makes it unlikely that Moscow will make a unilateral decision to cut off the rest of Europe's gas supply, the only possible exception being Ukraine in the event that it fails to make payment, which has happened in the past. However, at the moment, Ukraine is receiving financial aid from the IMF that should allow it to make payments now due. One potential flashpoint that must be taken into account is the tensions between Ukraine and Russia over Gazprom's delivery of gas to separatist territories in the wake of Ukrainian authorities' decision to deny service. This dispute should be resolved with the implementation of the Minsk II agreement, by which Ukraine has agreed to restore all public services to these regions.

60. The most fundamental problem related to Russia's relationship to Ukraine as an energy supplier is that Ukraine is used to receiving a cut-rate price that Russia formerly offered Kyiv for both political reasons (its status as a political ally of Moscow) and commercial reasons, the most important of which was to ensure the uninterrupted flow of gas to the EU across Ukrainian territory. The importance of the latter issue stems from the EU's traditional insistence that the official delivery point of all gas purchased be on EU territory, a stance adopted to avoid assuming the risks supposed by Ukrainian leg of the supply chain.

61. In the context of the present conflict and the signing of the EU-Ukraine Partnership Agreement, the considerations listed above should no longer come into play. In the first instance, since Ukraine has situated itself outside the Russian sphere of influence, there is no reason why it shouldn't pay the same price the EU pays for gas. As a signatory to a free trade agreement with Ukraine, the EU is now obliged to take a more hands-on approach to solving problems with the transport of Russian gas via Ukrainian territory. In any case, as the agreement places Ukrainian industry – which was geared towards exporting its output to Russia – in a far less competitive position, the country must be prepared to ride out a mid-term period of severe de-industrialisation.

62. Ukraine is receiving economic and technical assistance from the EU and other international institutions. The IMF has granted it 17.5 billion dollars in loan money and the World Bank has made a commitment to provide up to 2 billion dollars in 2015. The most recent aid packet approved by the EU in April 2015 is worth 1.8 billion euros. Nevertheless, each lender has laid out its own, differing conditions. Whereas the World Bank is offering aid to improve the country's infrastructure, public services and the transparency of its energy sector, the IMF is demanding that it gradually raise consumer gas and heating bills to reflect real costs. Up until now, consumers have been paying what amounts to between 20 and 30% of this figure. It is also calling for higher interest rates and a reduction in public spending as a share of Ukrainian GDP by 4.8% within five years. These cutbacks will have a very heavy negative impact on a population that has already suffered a long economic crisis and an armed conflict.

63. The EU must take measures that guarantee its energy security in any future scenario in which its supply could be interrupted and, above all, ensure that none of its Member States rely too heavily on Russian gas, which is currently the situation of Finland, the Baltic countries, the Czech Republic and Bulgaria, all of which current import between 80 and 100% of their gas from Russia. In contrast, other European

countries such as the United Kingdom, Sweden, Denmark, Belgium and Spain do not import any gas from Russia at all.

64. To reach this goal, the EU must strengthen its capacity to import and store liquefied natural gas (LNG) and establish two-way interconnected systems between Member States that would allow supplies to be transferred from one country to another should it ever be necessary to do so. Seeking a new balance between the types of energy consumed in Europe and promoting renewable energy as a means of lowering European dependence on gas and petroleum will also be of the utmost importance.

65. At the same time, Russia's cooperation in ensuring Europe's energy supply continues to be essential for two reasons. On one hand, the current standoff is making Russia rethink its relationship with Europe as an energy supplier. It is currently constructing new natural gas liquefaction plants with an eye to supplying new clients by sea transport and pipelines. For example, gas reserves exploited in the Yamal Peninsula will soon be shipped by the North Sea route to burgeoning Asia-Pacific markets. Nevertheless, the diversification of Russian energy exports neither points to the end of its role as a major supplier of Europe nor is a direct consequence of the Ukrainian conflict. It is in line with established long-term strategic planning in response to a concurrent decline in European demand and a rising demand in China.

66. As it will involve the exploitation of new reserves in Eastern Siberia, the May 2014 agreement between Russia and China on the annual delivery of up to 38 billion cubic metres (bcm) of natural gas from the Baikal region to China through the "Power of Siberia" pipeline will not affect the EU. More worrisome, however, is the May 2015 agreement on the construction of the "western route" or Altai pipeline from Yamal to the Xinjiang province of China, as such a project, which involves supplying an additional 30 bcm, would mean that the EU would need to compete with China for the same reserves.

67. Given the EU's strong determination to reduce both the amount of gas it imports from Russia and the price it pays, the Russian Federation's plan to build a pipeline to Southern Europe is a long shot at best amongst the various schemes proposed to date, which include the now abandoned South Stream project conceived to transport natural gas to Bulgaria across the Black Sea as well as the newer Turkish Stream project, which is intended to route gas to Turkey but may ultimately prove to be unprofitable.

68. Current tensions between Russia and the EU are driving Moscow to increase the volume of its sales to China. If its calculations for a gradual reduction of gas imports from Russia are not precisely on target, the EU may find itself without an adequate supply of Russian oil due to increased global competition for this commodity.

69. In terms of reducing its energy dependence on Russia, the most attractive option open to the EU is importing oil from Azerbaijan via the Southern Gas Corridor, which will not run through Russian territory. Furthermore, it should be possible to reduce prices by negotiating with other producers using this infrastructure. However, the financial advantages of importing via that pipeline hinge on the possibility of securing access to gas from Turkmenistan as well.

70. The Turkish Stream, although possibly more economically viable, presents its own set of potential problems, which includes a continued dependency on Russian gas, high infrastructure costs related to the transportation of the product across the Black Sea and the threat of a further deterioration of political relations between northern and southern EU Member States if Greece or Italy were to increase their imports of Russian gas in spite of the opposition of other European governments.

71. It must be pointed out that any reduction in the flow of Russian gas to the EU provoked by current European strategy could aggravate the current political crisis, in that it may cause Moscow to reconsider the EU's status as a major trade partner vis à vis China or other possible clients. If the political impact of energy diversification is not sufficiently counterbalanced by continued economic interdependence in other areas, Russia will be left with fewer incentives for moderating its position on Ukraine as a means of restoring its relations with the EU within a reasonable period of time.

III. Recommendations for the future

72. The EU's Russia strategy should be reformulated to facilitate simultaneous forward movement on the four following key objectives, the first of which should be a top priority: (a) a negotiated settlement of the Ukrainian conflict, (b) a pan-European dialogue at the institutional level, (c) the strengthening of the EU-Russia economic and trade partnership, and (d) the forging of a deeper understanding between the societies of the EU and Russia.

A negotiated settlement of the Ukrainian conflict

73. Our relations with Russia must be based our own particular geopolitical situation. Our alliances with other powers with which we share certain values such as the US should not prevent the EU from developing an independent foreign policy and pursue strategies perfectly aligned with its objectives.

74. The contrast between the negotiated settlement of the Ukrainian conflict defended by Germany and France and other proposals in favour of sending military assistance that would have allowed Kyiv to continue the war illustrates the need to protect European interests, which in this case called for halting the escalation of a conflict that posed a threat to our own security as soon as possible.

75. Any progress achieved by means of negotiations with Russia will require a pragmatic approach that takes the particular interests of both parties into account and a proactive effort to find common ground. Cooperation on issues of mutual interest is the best way to create the atmosphere of trust necessary for fostering a constructive discussion of values, which in any case, is a long-term goal only possible if and when the civil societies of both Russia and the EU express a desire to take up the challenge.

76. The EU's foreign policy for states in our common neighbourhood should stress the importance of democratic values and standards — understood as good governance and rule of law — as well as the construction of the welfare state, the reduction of social inequalities and an acceptable level of security from any possible threat to which many citizens of these countries legitimately aspire.

77. The free trade area between the EU and Ukraine contemplated in the Association Agreement with that country must be implemented in a way that ensures that the entry of European companies into the Ukrainian market does cause the destruction of local industry or exacerbate the effects of government cutbacks that will entail the dismissal of public employees and the rise in the cost of utilities. The successful modernisation of Ukraine and the reduction of inequality in that country would provide a positive example of cooperation with the EU that would enhance the Union in the eyes of Russian citizens.

78. If the quality of life in Ukraine continues to deteriorate due to the armed conflict and economic cutbacks, Ukrainian citizens may come to the conclusion that their government and other institutions have let them down. If their hopes that an Association Agreement with the EU would bring a new level of prosperity – fuelled by the EU during the Euromaidan period – are dashed, their deception could spark renewed civil unrest.

79. Financial and technical assistance from the EU, the IMF and the World Bank must be tied to reforms designed to reduce the corruption endemic throughout Ukrainian society and the over-bureaucratisation that is stifling the country's economic recovery.

80. The EU has a decisive role to play in reconstruction of the Donbass once the conflict is over as well as the subsequent economic and social development and reconciliation between ethnic groups throughout the entire country.

81. The EU must be prepared to deal with the rise of different types of xenophobia in Ukraine and refuse to allow the Kyiv government to use the armed conflict with Russia as a pretext for legitimising the actions of radical rightwing groups or permitting their members to form military units for the purpose of fighting the separatists. Ukrainian citizenship must not be determined by one's political opinions or ethnicity but rather framed in terms of equal rights, respect for all cultural identities and the protection of languages such as Russian, which is the mother tongue of a substantial percentage of the country's population.

82. Despite the fact that the annexation of Crimea as a republic within the Russian Federation is illegal from the perspective of international law, there is very little possibility of reversing this state of affairs. Although the EU continues to acknowledge Ukraine's sovereignty over this territory, it must decouple this issue from the armed conflict in the Donbass in the interest of avoiding stalemates that could hinder progress towards a negotiated settlement of this issue, which can still be resolved by means of a mutual agreement.

83. A resolution to the armed conflict will only be possible if Ukraine, Russia and the rebel forces fulfil the following commitments corresponding to each party under the Minsk II Agreement:

    83.1. Kyiv must move forward with a constitutional reform that provides for the conferral of special status to the separatist territories of Donetsk and Luhansk within the Ukrainian state in accord with the desire for local self-government expressed by these peoples prior to the present military conflict and Russian intervention. The only viable solution acceptable to local populations,

separatist leaders and Russia would be the concession of broad autonomous status within a federally structured or greatly decentralised Ukrainian state that would allow people in the regions in question to elect their own leaders and preserve their cultural and economic ties with Russia regardless of the party in power in Kyiv.

83.2. Moscow must withdraw all combat forces deployed from Russian territory, stop sending supplies (with the exception of humanitarian assistance) to the insurgents and pressure separatist leaders to respect the agreement signed in Minsk that these territories would remain a part of the Ukrainian state with the possibility for the current leadership of the rebel forces to run for office in elections as determined by law.

83.3. All parties have the obligation to facilitate international observers' access to any area in which they must verify fulfilment of the agreement, accelerate the restoration of communications and public services between the separatist zones and the rest of Ukraine and allow the shipment of humanitarian aid, food and medicine to civilian populations, effectively putting an end to the blockade these territories have suffered.

A pan-European dialogue at the institutional level to ensure global security

84. A country like Ukraine – divided, involved in an armed conflict and suffering great domestic instability – is not in a position to move ahead towards NATO membership, despite attempts by Kyiv to drive its candidacy forward, which have been inspired by political motives and a desire for legitimacy in the West. The possibility of Ukraine's entry into NATO was one of the underlying causes of the current conflict, in that Russian leaders seriously feared losing their country's military base in Sebastopol to the Alliance in the wake of the victory of the Euromaidan movement. NATO's own confrontational reaction to the standoff, which has been laced with what could almost be qualified as new Cold War rhetoric, has not contributed positively to military de-escalation or furthered the negotiation process.

85. The OSCE, in its capacity as the main pan-European security organisation, (in which all EU Member States, Ukraine and Russia participate as full members) must play a leading role in the resolution of this crisis as contemplated in the Minsk II Agreement. Moreover, after a settlement has been reached, this organisation must work hand-in-hand with the EU on post-conflict reconstruction, the demobilisation and reintegration of ex-combatants into civilian life, the reconciliation of citizens with differing identities, nationalist sentiments and languages and the strengthening of democratic institutions and rule of law throughout Ukraine to ensure the rights of minorities are respected.

86. Once this crisis has been resolved, the OSCE should take advantage of its potential for reaching a consensus on the future of the existing European security architecture, a role for which it is uniquely suited as the only forum devoted to security issues in which EU Member States, Russia, Ukraine and the United States all participate. However, this will only be possible in a scenario in which a renewed OSCE carries

out the central role it should have assumed at the end of the Cold War in the construction of a common security zone for the entire European continent.

87. Permanent dialogues should be established between both the EU and the Eurasian Economic Union and NATO and the Collective Security Treaty Organization with an eye to building a level of confidence that will foster mutual transparency regarding the entry of new members into all these entities, prevent the escalation of new conflicts and facilitate the exchange of proposals for dealing with threats in common.

88. The EU should establish a more flexible model for its Neighbourhood Policy that satisfies the aspirations of countries in our common neighbourhood with Russia and ensure this policy is well synchronised with its strategy for EU-Russia relations. It is crucial to avoid a perception that the two are in any way competitive or mutually exclusive that could lead to both adopting a zero-sum game mentality.

89. Although the "Normandy format" used to reach the Minsk accords – which brought Germany, France, Russia and Ukraine into direct negotiation – could continue to be useful as an informal mechanism, it does not obviate the need for a common European position backed by all Member States.

90. In addition to maintaining existing summit commitments, the EU must establish a new dialogue with Russia specifically devoted to security that could serve as a channel for identifying mutual issues of concern and common threats to which they could respond by means of specific, coordinated cooperative actions. The format could be similar to that employed by the Atlantic Alliance for the NATO-Russia Council (NRC), which has succeeded in establishing ongoing, if limited, practical cooperation through meetings and joint armed forces exercises. Nonetheless, the EU must avoid – as has occurred in the case of the NRC – that relations are limited to superficial contacts insufficient to assuage underlying feelings of mistrust and the mutual perception that the other constitutes a threat. The adversarial rhetoric in current NATO-Russia relations in the context of the Ukrainian conflict naturally limits its potential contribution to the positive resolution of the situation.

91. The long-term objective must be to move ahead towards a deeper level of cooperation between the various existing European, Euro-Atlantic and Eurasian organisations that will permit us to finally construct a common and indivisible common space of security.

Strengthening the EU-Russia economic and trade partnership

92. Sanctions against Russia should be gradually withdrawn as Moscow's fulfilment of each of the various phases of the Minsk II agreement is verified. Not only have these measures failed to halt Russian intervention in Ukraine; they are also hurting European export trade and the future of mutual relations by isolating Russia from the rest of Europe and giving it an incentive to look for alternative partners elsewhere.

93. Maintaining and strengthening the economic interdependence between the EU, Ukraine and Russia constitutes an investment in long-term stability because it creates a "cushion of interests" capable of mitigating the effects of new crises as well as a strong incentive to resolve them quickly. The implementation of a new free trade zone between the EU and Ukraine need not be incompatible with existing trade relations between Russia and Ukraine. The proposal of a similar free trade agreement between the EU and Russia in parallel with the implementation of the agreement with Ukraine would help dissipate Moscow's negative perception of EU enlargement and transform shared neighbours into bridges between them rather than objects of competition.

94. The EU must diversify its sources of energy supplies and avoid the possibility that any of its Member States could be overly dependent on Russian gas by strengthening its capacity to import and store liquefied natural gas (LNG), creating bi-directional energy interconnections between Member States to cover unexpected shortages and working towards an energy model based on renewable energies rather than on gas and oil.

95. Although the EU should support the construction of the Southern Gas Corridor pipeline from Azerbaijan to the EU in order to reduce European dependency from Russian gas, it must also ensure its access to supplies from other producers such as Turkmenistan by this route to ensure fair pricing.

96. The political impact of the EU's reduction of gas imports from Russia and Russia's increase of export energy trade with China must be carefully managed so as to avoid not only the threat of a European energy crisis provoked by market scarcity but also an irreversible perception on the part of Russia that China is its main strategic partner – a distinct possibility should it become less dependent on the EU as a result of a fall in the volume of its energy exports to Europe.

A better understanding between the societies of the EU and Russia

97. To facilitate the progressive anchoring of Russia in Europe, it will be necessary to go beyond mere intergovernmental contacts and promote direct contact between businesses, social organisations and average Russian and EU citizens, placing a special focus on encounters between young people. This exchange will allow us to effectively foster the spread of common values of tolerance and respect for human rights.

98. Visa policy should not be used as a means of imposing sanctions on Russia. Denying visas is counterproductive, as it heightens Russia's isolation and by extension public receptivity to the Kremlin's anti-West discourse. It would be far more constructive to foster mutual understanding through tourism and educational and cultural contacts.

99. The European Higher Education Area launched in tandem with the Bologna Process, of which Russia forms a part, is an ideal vehicle for increasing the number of cooperation agreements between universities in EU countries and Russia, which is, at present, very limited. The European Commission's *Erasmus Mundus* programme offers opportunities to citizens of third countries that could be expanded

to cover exchanges with a wider range of institutions and a greater number of student scholarships and academic fellowships.

100. A Russia that increasingly feels itself to be a part of Europe and a Europe that seeks to develop a deeper understanding of Russia, both engaged in dialogue rather than building walls and establishing lines of division between each other, is the best long-term guarantee of maintaining our continent's security and stability.

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